



Public Sector Accounting and Developing Economies: A Comparative Review and Analysis Of Ghana And Nigeria

OWOLABI Sunday Ajao, PhD

Associate Professor of Accounting
Department of Accounting, Babcock University, Nigeria

OCANSEY Evans O. N. D.

Senior Research Assistant
Valley View University Adenta, Ghana

Dada Samuel O., PhD

Senior Lecturer
Department of Accounting, Babcock University, Nigeria

ABSTRACT

Public sector constitutes the largest sector of the economy of all nations, employs the largest work force and controls the greatest part of nations' financial resources. The paper adopted exploratory research method through literature scrutiny and scanning for relevant facts to assist in the achievement of the paper objectives. The public sector accounting system of Ghana and Nigeria were reviewed and was found that some of the differences that exist were as a result of the governance system (unitary and federal). It was also found that Nigeria has a unique system of allocating revenue collected to its various constituencies on monthly basis. The two countries are working gradually toward the implementation and adoption of International Financial Reporting System for the public sector. Also both countries are using modified cash basis of accounting along side with fund accounting. The bases of monitoring and evaluating budget are not well defined or benchmarked thus making performance evaluation difficult. Additionally, section 26 of the Fiscal Responsibility Act is rarely complied with in Nigeria. It is recommended that Ghana can adopt or modify its system of revenue allocation to enable fair allocation of resources to the regions even though Ghana is using unitary system of governance. The paper also recommended that procedures should be put in place to facilitate the full compliance to the provision of the Fiscal Responsibility Act in Nigeria or be amended to serve its intended purpose. Again clear performance measurement standards and bases of monitoring and evaluation should be put in place for the two countries. Detailed and continuous monitoring and evaluation process throughout the year for enhancement of value for money are further recommended. Finally, it was recommended that, the Auditor-General should be solely appointed by the civil service; founded that the auditor-general is appointed by the president in consultation with council of state (in Ghana) or the Federal Civil Service Commission (in Nigeria). Probably, his appointment by the president can generate some amount of sympathy or obligation of reciprocity and thereby reducing his independence.

Keywords: Public Sector Accounting, Regulatory framework, Conceptual framework, Budgeting, Auditor-General

1. INTRODUCTION

Public sector can be described as entities or organizations that implement public policy through the provision of services and the redistribution of income and wealth, with both activities supported mainly by compulsory tax or levies on other sectors. That is, it comprises governments and all publicly owned, controlled and or publicly funded agencies, enterprises, and other entities of government that deliver public programs, goods, or services.

Public sector accounting is a system or process which gathers, records, classifies and summarizes as reports the financial events existing in the public or government sector as financial statements and interprets as required by accountability and financial transparency to provides information to information users associated to public institutions. It is interested in the receipts, custody and disbursement and rendering of stewardship of public funds entrusted (Kara, 2012; ICA-Ghana, 2010).

Therefore, the public sector accounting system in many countries uses cash bases accounting. However, literature review on existing public accounting revealed that cash accounting system provides essential information and it is simple, easier to understand, facilitate decision making, and much more objective than other alternatives (Ross, 2003). Nonetheless, the system is not planned to provide information on the cost of services, earned revenues, account receivables, account payable, long-term assets and liabilities, accrued interest on external debt and stock value (Akenbor & Oghoghomeh, 2011; Zakiah, 2007; Saleh, 2007; Joned and Pendlebury, 1984). To add, cash accounting system is not significantly effective in providing accounting information for efficient performance of public sector organization as indicated by Okoye and Oghoghomeh (2011). They further indicated that, the cash accounting bases has no indication of long-term.

Amayah (n.d.) indicated that, public sector constitutes the largest sector of the economy of all nations and employs the largest force. He further said that, public sector controls the greatest part of the financial resources of the nation.

The government budget size and the contribution of public expenditure to Gross Domestic Product are very great especially in developing economies or counties. There is a thin line between the public sector and private sector accounting when looking at concepts and techniques that are used. Further, the emerging need and use of information technology by both the public and private sectors have made the issue of public sector accounting a pertinent part of accounting studies in the world (ICA-Ghana, 2010).

It is probably perceived that Ghana and Nigeria have so many things in common especially in public sector accounting. Therefore, this paper seeks to perform a comparative review and analyze the public sector accounting practices of Ghana and Nigeria. This paper therefore compared and analyzed the nature of Government Sector Accounting, conceptual and institutional frameworks, Compliance of International Public Sector Accounting Standards (IPSASs), regulatory framework and budgeting. It is one of the objectives of this paper to pinpoint some of the major differences in the public sector accounting systems of Ghana and Nigeria.

This paper has been divided into seven parts this first portion takes care of the introduction followed by literature review after which the methodology aspect of the work was introduced. Public sector accounting in Ghana and its regulatory frame work alongside with that of Nigeria formed part four of the work. Part five concentrate on budgeting while part six dealt with findings and discussion. The final part contains the conclusion and recommendations.

2. LITERATURE REVIEW

2.1 Nature of Government or Public Sector Accounting

The nature of government accounting has the purpose of determining how much money was received and its sources, how much was spent and for what purposes and the financial obligations accrued. Profit is not the main focus. On like the private sector which has profit as the prime focus and determine the profit of the business over a given period. Hence, many factors influence government accounting such as the role of government in the different fields like the armed forces, health and education and the policies set by government to achieve its aspirations and goals. Thus, government accounting is interested in information gathering that will enable her to prepare Receipts and Payments accounts (Omolehinwa & Naiyeju, 2012).

The practice of government sector accounting evolved over the years with the focused on cash receipts and disbursements on the cash accounting basis or modified cash accounting basis. Hence government revenue is only recorded and accounted for when cash is actually received and expenditure is incurred only when cash is paid irrespective of the accounting period in which the benefit is received or the service is rendered. It therefore means that, the amounts incurred by the government in purchasing fixed assets are treated the same way as expenses. They are therefore written off as part of expenditure for the period the costs were incurred (ICA-Ghana, 2010; Omolehinwa & Naiyeju, 2012; Oecon, 2010).

Since the payments made for the acquisition of fixed assets by the government are written off in the year of acquisition irrespective of the useful life of the fixed assets, it follows that fixed assets like buildings and motor vehicles which are usually used the preparation of the balance sheet of a private sector business will be available in preparing the balance sheet of government. According to Omolehinwa & Naiyeju (2012), this explains why, for instance the Accountant-General's statement of assets and liabilities of government will not include anything on the fixed assets of the government. More so, since fixed assets are not capitalized, depreciation for fixed is not necessary in government accounting system that uses cash basis of accounting. It can also be pointed out clearly that since revenue is recognized only when cash is received, debtors as it is known in the private sector will be absent from government financial statements

2.2 Conceptual and Institutional Frameworks

Sound public sector accounting rests on an articulate framework which has been defined to reflect best practices in the world. To this end, a conceptual framework for public sector accounting is structured to reflect objectives and scope, recognition and measurement criteria, definition and qualitative

characteristics of financial information shown in financial and accounting reports of public sector accounting entities (Izedonmi & Ibadin, 2013).

Izedonmi & Ibadin (2013) explain that, conceptual framework describes the period or time frame of financial reporting of government levels. It is the heart of financial reporting in the government sector. It spells out the government accounting principles and forms the basis of the preparation and publication of budgets, maintenance of complete financial records, provision of full disclosures and submission to full audit. In other words, the framework helps monitor incomes, expenses, assets and liabilities and assist assessment of financial consequences of transactions and events. This finally leads to producing user-friendly financial reports on a periodic basis.

The institutional framework comprises the legal, institutional and the professional standards that regulate the public sector accounting. The International Public Sector Accounting Standards (IPSASs) which is issued by the International Federation of Accountants International Public Sector Accounting Standard Board (IPSASB) is probably the major standard for public sector accounting. Ghana and Nigeria are signatories to IFAC and adopts the relevant IPSASs issued by IPSASB. The International Standards of Supreme Audit Institutions (ISSAIs) is another institutional framework. These bodies are of the overseeing the management of public sector accounting to reflect transparency and accountability within the wider context of good public governance (Izedonmi & Ibadin, 2013).

2.3 Compliance of International Public Sector Accounting Standards (IPSASs)

The International Public Sector Accounting Standards (IPSASs) have been accepted by the World Bank and the International Monetary Fund (IMF) hence, they are requiring that all countries or bodies use these standards for accounting for funds. Also, other international organizations which provide funds to developing countries stipulate IPSASs compliance as a condition. Thus, creditor countries are beginning to use public sector accounting compliance to IPSASs to assure themselves that funds and grants given are being used in the public (Izedonmi & Ibadin, 2013). Chan (2008) described IPSAS as defacto benchmark for evaluating government accounting processes and practices worldwide.

The World Bank in collaboration with the office of the Accountant-General cited in Omolehinwa & Naiyeju (2011), conducted research and found that the 2010 financial report of Nigeria has no record in the consolidated account for external aids and grants; no complete disclosure of financial activities of controlling entities such as NPA, NNPC and CBN; unrealistic gains/losses due to foreign exchange were not reported; payments on behalf of third parties were not disclosed; inability of controlling entities of the Federal Government of Nigeria to pay their account as at when due; no account for undrawn assistance and inadequate disclosure of cash out of direct controls for instance under litigation.

However, according to Wynne et al 2011, some of the good financial practices identified in Nigeria using the 2008 financial statements include: inclusion of audit certificate from the auditor general; inclusion four statements cash flow, assets and liabilities, consolidated revenue fund and capital development fund and the consistency of the main totals between them; inclusion of comprehensive set of notes and accounting policies including outstanding impress and advances; detailed schedule provided of internal and external loans; details provided of subventions to parastatals by the

overseeing of ministry, department and agency; consistency of the financial statements from t 2005 to 2008 (when the new format stated); financial statement appear on the internet; the development of some financial reporting guidelines by FAAC

According to Obazee (2008), even though in Nigeria, government operations and accounts have been conducted within the general framework of the principles of fund accounting, there is a major problem when it comes to the absolute application of the principles to financial reporting.

3. METHODOLOGY

The research method adopted here is exploratory system; this is found to be appropriate for the purpose of establishing the key issues and variables in explaining the degree of comparability and areas of deviance. The source of data is secondary source, that is through historical review of the accounting system by examining the previous documents, such as legislation ,decrees and professional pronouncements. Archival sources, books and journals are other sources of information.. Also internet sources provided us with additional information. The method of analysis is explanatory in nature; this is done through adequate exegesis of the gathered information.

4. PUBLIC SECTOR ACCOUNTING OF GHANA AND ITS REGULATORY FRAMEWORK

The Public Sector of Ghana constitutes the central government, ministries, departments and agencies; local government units-public boards and corporations and public educational institutions. Stewardship and control, accounting and accountability, planning and budgeting, internal and external audit, fund accounting especially consolidated fund, reporting, public ownership of assets and liabilities, cash, accrual, modified accrual and commitment accounting; treasury system of accounting and financial flows are some of the essential features of the above organizations (ICA-Ghana, 2010).

Public Sector Accounting has a long history but the first legislative reference seems to be made in 1954, the Gold Coast Constitution. However, the reference was oblique one, contained in Section 68 which provides for all departments and offices of government to be audited by the auditor-General. It was therefore assumed that accounts existed but no obligation was imposed on anyone for keeping and rendering accounts. Accounts have been kept and published under the authority of Colonial Regulations since the establishment of the Gold Coast Government in 1874. All constitutional legislation since 1954 has repeated this oblique reference of accounts of government. But when the country attained independence in 1957, the first comprehensive attempt was made to give legislative recognition to the account of government. This was the Public Account Ordinance, no 37 of 1957. This enactment enabled rules relating to public accounts. In 1959, three set of rules were issued-Public Accounts (Railway and Harbours Administration), Public Accounts (Treasury) and Pubic Account (Audit). The treasury rule did provide for keeping and rendering accounts, and a number of rules relating to the manner in which they should be prepared. For instance, specifying the period of the financial year, and that the statement presented to parliament “shall include only sums which have been actually paid or received within the period of account” (ICA-Ghana, 2010).

According to ICA-Ghana (2010), before any state institution can obtain government recognition or funding, it must be shrouded in government legality, quasi-legality or or some government regulations. This is considered to be a cardinal principle in every state or country. It further explained that, the laws are enabling acts and the regulations provide guidelines for the day to day activities of the institutions. Hence, almost all institutions of the governments are covered by laws. This therefore brought into being the enactment of The Financial Administrative Decree 1967 (NLCD 165) includes a part VI- Public Accounts (Consolidated Fund), and others. Some of these rules were repealed by the 1972 Audit Service Degree. The legal framework that regulates public sector financial operations in Ghana consist of: the 1992 constitution, the Financial Administration Act (2003) Act 654, the Financial Administration Regulation (2004) L.I. 1802, the Internal Revenue Act, the Customs Excise and Preventive Act, The Bank of Ghana Act, the District Assembly Common Fund Act, Procurement Agency Act (2003) Act 663, Audit Service Act (2000) Act 584, Internal Audit Agency Act (2003) Act 658 and other regulations that parliament may enact from time to time (Centre for policy Analysis, 2005; ICA-Ghana, 2010).

The regulatory authorities that see to the implementation and control of these regulations are the executive and parliamentary control. The executive take decision on government policies with respect to the financial outlays implications and careful control of appropriations because all decision taken must be approved by parliament. No revenue can be levied or expenditure incurred unless it is authorized by parliament. Therefore, it is very important for the executive to obtain approval from parliament on both revenue raised and expenditure to incur. Hence, parliament exercise control through three different phases, namely, appropriation, audit and review by public account committee. More so, the Ministry of Finance is empowered by law to oversee the financial affairs of public corporations with regard to their financial management (The 1992 Constitution of Ghana; ICA-Ghana, 2010).

5. PUBLIC SECTOR ACCOUNTING OF NIGERIA AND ITS REGULATORY FRAMEWORK

The Nigerian public sector includes the federal government, the 36 states, the 774 local government councils, all government corporations, commissions and institutions (Omolehinwa & Naiyeju, 2012). According to Izedonmi & Ibadin (2013), Nigeria's Institutional frameworks includes statutory framework, as the 1999 Constitution, the Finance (Control and Management) Act of 1958 as well as the Audit Act of 1956. The Financial Regulations, Treasury and Financial Circulars and Circular Letters are others. They are envisioned to guide the day-to-day operations of government Departments and to aid the accomplishment of probity and accountability. It also provides, among others, the various types of funds as the Consolidated Revenue Fund for the Federation and for States and the various charges at the federal level and at the state level. Moreover, the Constitution through the relevant sections, either at the federal and state level, details the authorization of expenditure from the Consolidated Revenue Fund. The responsibilities of the Minister of Finance and those of the Accountant- or Auditor- General of the Federation and the similar Offices at the state level are delineated by the Constitution. While it is one of the responsibilities and functions of the Minister of Finance to issue warrant (or authority) to incur expenditure from any of the Funds types, the Accountant-General ensures actual payment, and then the preparation of CRF and other funds as

required by regulations or by the Minister of Finance. They further said that, the Finance (Control and Management) Act of 1958, the Audit Act of 1956, among others are all aimed at bringing about effective management and operations of government funds, including the regulation of accounting format for the preparation of government accounts, the audit and accountability in respect of the Federal Government, and by extension the State Government.

6. BUDGETING

Budget is a future oriented financial plan of expenditure preferences of government expressed in monetary terms for allocating resources among alternative uses, both within the government and between governments, and the rest of the economy to implement the dominant political leadership (Matheson, 2003). Hence, budgeting lies at the heart of every public sector because of its key role in the accounting system. This is well posited by Wysocki (1965).

“All public sector organizations are accountable for the financial resources, which they have been allocated for management. In addition to the obligation for preparing a budget, there are detailed rules regulating the cash accounts, the bookkeeping and the book closing.” (p. 17).

It naturally follows that, the public account system revolves around budgeting. Hence the accounts must report how these organizations have been financed in the form of revenue and how the revenue has been expended. Consequently, accounts prepared are compared with the corresponding budgetary revenues and the expenditures of public organization (Oecon, 2010). In addition, public accounts are prepared to show the adherence to and deviation from planned and executed budget with numerical reports Wysocki (1965).

According to Omolehinwa & Naiyeju (2011), the government budgeting process in Nigeria involves budget formulation or preparation, budget approval and enactment, implementation, and monitoring and evaluation. However, in Ghana, the budget process involves budget formulation, authorization, approval, implementation and evaluation (ICA-Ghana, 2010).

Budget formulation is a key concept in the allocation of resources. Appah & Coleman (2009) espoused this by saying that, in Nigeria the budget formulation articulates the fiscal, monetary, political, economic, social and welfare objectives of the government by the President. It makes use of the departmental policies and guidelines which form the basis of circulars to Ministries/Departments requesting for inputs and their needs for the ensuring fiscal periods. ICA-Ghana (2010) supported by indicating that, the budget process begins with the issuance of budget circular to all government units by the Minister of Finance and Economic planning.

Omolehinwa & Naiyeju (2011) explain budget formulation by intimating that government must consider funds that will be available for spending at sustainable level given current and future state of the economy, the sectors for funds be allocation, projects and programs to be funded, the expenditure preferences of stakeholders and the preferences that can be accommodated and activities that can be undertaken by other stakeholders. ICA-Ghana (2010) added by suggesting that budget formulation considers the world's economic events, future outlook, income policy, inflation trends and macro-economic policy of the government.

Budget approval is very essential after it has been formulated. In Nigeria, the president present the prepared budget with it accompanied document to the National Assembly for consideration. The presented budget which is also known as the appropriation bill is passed into appropriation act when the National Assembly has agreed on the budget Omolehinwa & Naiyeju (2011). On the other hand, In Ghana, after the formulation of the budget, the cabinet discusses it with the president to arrive at optimal level of government objectives. But before then, various sector ministers would have to table their budgets before parliament for approval. These sector based budgets are then collated and consolidated into an Appropriation law by parliament (ICA-Ghana, 2010).

The implementation stage follows after the approval and enactment. This is the stage where government collected revenues are spent as authorized by legislation. In Ghana, at this stage, the Minister of Finance and Economic Planning issues a general warrant to the Controller & Accountant-General to utilize monies as approved by parliament. The Controller & Accountant-General then issue general warrants to Ministries, Departments and Agencies, and Treasury Officers for implementation. In Nigeria too, the Minister of Finance issues warrant authorizing the Accountant-General of the federation to disburse monies as planned from the consolidated revenue fund (ICA-Ghana, 2010; Omolehinwa & Naiyeju, 2011).

Budget monitoring and evaluation is another important stage of the budget process. Arikawe (2009) indicated that, budget monitoring has to do with continuous or periodic review of program implementation and the assessment of delivery and the remedial of identified challenges. He further explained that, monitoring should address that funds released for specific projects are used as planned. It should also examine government spending on purchases and construction activities. Further, it should measure the efficiency and effectiveness of government projects. Omolehinwa & Naiyeju, (2011) continued by explaining that, evaluation should be concerned with the worthiness of government program or project with respective to the stated objective by paying attention to the efficiency of resources.

7. FINDINGS AND DISCUSSIONS

The review of ICA-Ghana (2010) and Omolehinwa & Naiyeju, (2012) revealed that, the public sector of Ghana consist of the central government, ministries, departments and agencies; local government units-public boards and corporations and public educational institutions. However, the public sector of Nigeria consist of the federal government, the 36 states, the 774 local government councils, all government corporations, commissions and institutions. The differences may be due to different system of government. Ghana is running unitary system government while Nigeria is running federal system of government.

In addition, Ghana has five levels of governance at the local government. These are the Regional Coordinating Council, Four-tier Metropolitan Assembly, Three-tier Municipal/District Assembly, Urban/Town/Area/Zonal Councils and unit committees. But Nigeria has the main sources and classifications of funds available to the government sector of Ghana are tax revenue, grants, sales of goods and services. According to the 1992 final account of the consolidated fund, the contributions of various sources of fund to government were taxes on international transactions 17%, Value Added

Tax, Personal Income Tax, Domestic Goods Tax, HIPIC, Grants and Non-Tax Revenue were 28%, 28%, 13%, 5%, 7% and 2% respectively (ICA-Ghana, 2010). However, the main sources of income to the Nigerian government sector are oil revenue (crude oil and gas sales, and oil tax and levies) and non-oil revenue (companies' income tax and customs and excise duties). The total revenue received by the Nigerian Government shared monthly among the three tiers of the government based on the preceding month's collections. The federal government of Nigeria takes a total of 52.68% of the total revenue but out of this amount, 48.5% goes into the consolidated revenue fund, 1% goes into ecology fund and federal capital territory respectively, and 0.5% and 1.68% goes into the stabilization fund and development of natural resources respectively. This allocation is done by the Federal Account Allocation Committee (FAAC) (Omolehinwa & Naiyeju, 2012).

It was also recognized that the consolidated fund of Ghana was established by the Financial Administrative Act (FAA). All revenue collected on behalf of the government are paid into and all lawful disbursements paid on behalf of the government out of the consolidated fund. It serves as the central mechanism of controlling public funds (ICA-Ghana, 2010). However, the consolidated fund of Nigeria consist of the Federal Government of Nigeria (FGN) share from all states, 15% share of Value Added Tax, all independently collected revenue of the FGN, cost of collection of revenue by both FIRS and Nigerian Customs and FGN's share of excess crude oil account based on revenue allocation formula (Omolehinwa & Naiyeju, 2011).

Moreover, it was found out that Nigeria has unique system of allocating revenue to its various states. According to the section 162 (2) of the Constitution of Nigeria, the National Assembly is to consider the population, equality, internal revenue generation effort, land mass, terrain state and the population density of each state. However, Ghana has no such a system. This may be due to the unitary system of governance.

Further, according to ICA-Ghana (2010), Ghana has five main special funds; namely, the trust funds, sinking funds, counterpart funds, contingency funds and resolving funds. All these special funds were established by the FAA. District Assembly Fund, Ghana Education Fund and Road Fund were also created. On the other hand, Nigeria has two main classes of special accounts. That is, revenue collection based special accounts and federation account based special accounts. The revenue collection based special accounts consist of 0.5% ECOWAS Trade Liberalization Scheme (ETLS), 2% Levy on Imported vehicles, 1% Comprehensive Import Supervision Scheme (CISS) Charge, 2% Education Trust Fund (ETF), 5% Sugar Development Levy, 7% Port Development Surcharge Account, Nigerian Export Supervision Scheme (NESS), Cocoa Levy, 50% Rice Development Levy and Federal Government of Nigeria (FGN) Bonus Account. The federation account based special accounts consist of 1.68% for FNG Development of Natural Resources, 1% for FGN Share of Derivation and Ecology and 0.5% for FGN Stabilization Account (Omolehinwa & Naiyeju, 2011). It is noticed that the scope and purposes of these special funds were spelt out. Nonetheless, what informed the percentages of the allocations is a mystery. To add, mechanisms put in place to evaluate the performances of these special funds were not there.

Furthermore, it was found out that, the District Assembly Fund Act 1993 cited in ICA-Ghana, 2010 indicated that, 15% of the total allocated fund by parliament and all interests and dividends from the investment should be retained as reserved fund. This reserved fund is distributed by allocating 1.5% to

the ten regional coordinating councils, 2% reserve at the discretion of the regional minister, 0.5% for district assembly common fund administration, 5% for district development and the remaining 6% should be reserved. More so, the remaining amount the District Assembly Common Fund should be shared by allocating 1% for human resource capacity building, 35% for national youth employment program, 0.5% for response initiative, 0.5 for malaria prevention, 2% for people with disabilities and the 61% left for other projects.

Besides, it was found that in Nigeria, the appropriation act is not often passed before the new financial year begins. This makes the compliance to section 26 of the Fiscal Responsibility Act which require the Minister of Finance to prepare and publish an annual cash plan disbursement schedule within 30 days before the enactment of the appropriation act (Shehu, 2010).

Moreover, it was found out that budget monitoring and evaluation involves financial monitoring, physical monitoring and output analysis monitoring. In Nigeria, budget monitoring is done by the minister of finance the budget officers of federations (Omolehinwa & Naiyeju, 2011). But in Ghana, budget monitoring is done at the assembly level but the bases of monitoring are not clearly defined. It hardly set benchmarks to measure performance. In addition, even though monitoring is expected to continuous through the year, it seems that selective and restrictive monitoring takes place (ICA-Ghana, 2010).

The Auditor-General of the Federation of Nigeria is unique among all civil servants. The president appoints him by the recommendation of the Federal Civil Service Commission but subject to the approval of the senate. He serves as an external auditor to government ministries. He is the only civil servant whose position is created by the 1999 constitution. Therefore, his salaries and allowances are charged to against the consolidated fund. He can only be removed from office two-third majority vote of senate (Omolehinwa & Naiyeju, 2011). In contrast, the president of Ghana in consultation with the Council of State in accordance with Article 70 (1b) of the constitution appoints the Auditor-General. He could be relieved of his position by the president when he exhibit misbehavior, incompetence and incapacitation of mind or body after his appointment (ICA-Ghana, 2010). However, he reports to parliament; but in Nigeria, the Auditor-General reports to the senate. This is done to sever as check and balance of power.

8. CONCLUSION AND RECOMMENDATION

There are only few differences between the public sector accounting of Ghana and Nigeria. These differences are due to differences in the governance. That is, Ghana is practicing unitary governance while Nigeria is practicing federal governance. The difference is in the recipient of report.

Further, there are differences in the allocation of revenue collected. In Nigeria, there are monthly allocations of collected revenue to various states and the central government and with specific percentages for fund accounts. Ghana has no such monthly allocation of revenue collected. Rather, in Ghana, there are laid down percentages for the allocation of District Assembly Common Fund. However, the bases of allocating revenue collected to various states and the central government of Nigeria were not spelt out. It is also same with the allocation of the District Assembly Common Fund and other fund of the government of Ghana. In addition, mechanisms put in place to check the

efficiency, effectiveness and economy of the utilization of these allocated funds were not indicated. Therefore a research into the bases of allocation of funds and the mechanisms to check efficiency, effectiveness and economy of these funds is highly recommended.

Based on the finding that Nigeria has a system of allocating revenue collected to its various states monthly, it is believed that Ghana can adopt or modify this system of revenue allocation to enable fair allocation of resources to the regions even though Ghana is using unitary system of governance.

Established that, section 26 of the Fiscal Responsibility Act is rarely complied with, it is recommended that things should be put in place to facilitate the full compliance of this section or the section should be amended to serve its purpose.

Founded that the bases of monitoring and evaluating budget is not well defined and benchmarks to measure performance are not usually set, it is recommended that, standards should be set for measurement of performance and the bases of monitoring and evaluation should be set clearly. Detailed and continuous monitoring and evaluation should be performed throughout the year. This will enhance value for money.

Even though, the Auditor-General is appointed by the president in consultation with Council of State and Federal Civil Service Commission in Ghana and Nigeria respectively and report to parliament or senate for check and balance of power, it is recommended that the appointment of the auditor-general should be done by the auditing service. The president's appointment can generate some amount of sympathy or obligation of reciprocity and hence could reduce the independence of the auditor-general.

REFERENCES

- 1) Akenbor, C. O. & Oghoghomeh, T. (2011). Public Sector Accounting System in Nigeria: A Comparative Study of Cash-Basis and Accrual-Basis of Reporting.
- 2) Appah, E. and Coleman, A. (2009). "New System of Public Sector Budgeting: A Technique and Strategy for the Development of Nigeria's Economy", *International Journal of Economic and Development Issues*, 8(1 & 2): 118- 129.
- 3) Arikawe, A. (2009). Budget Monitoring, Performance Evaluation and Reporting. Paper presented at a workshop on Budget Implementation organized by the Budget Office of the Federation, Abuja 30-31 March.
- 4) Chan, I.J. (2008), International Public Sector Accounting Standards: Conceptual and Institutional Issues. Retrieved July 2, 2010 from <http://jameslchan.com/papers/ChanCagSem5.pdf>.
- 5) Institute of Chartered Accountants-Ghana, (2010) Public Sector Accounting. ICAG, Ghana.
- 6) International Public Sector Accounting Standards Board (IPSASB) (2004) Interim Terms Reference. Retrieved July, 2, 2010 from <http://www.ifac.org>

- 7) Izedonmi, F. and Ibadin, P. O. (2013) "International Public Sector Accounting Framework, Regulatory Agencies and Standard Setting Procedures: A Critique"; *European Journal of Business and Management*. Retrieved from www.iiste.org. ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online) Vol.5, No.6, 2013
- 8) Jones, K. and Pendlebury, I. (1984) "Problems of Cash Accounting"; *International Journal of Public Finance*; 9(1); 134-141
- 9) Kara, E. (2012) Financial Analysis in Public Sector Accounting. An Example of EU, Greece and Turkey. *European Journal of Scientific Research* 69(1): 81–89.
- 10) Matheson, A. (2003). Better Public Sector Governance: The Rationale for Budgeting and Accounting Reform in Western Nations. In *Models of Public Budgeting and Accounting Reform*, edited by James Chan and Chen Xiaoyue. Paris: OECD.
- 11) Obazee, J. (2008). Public Sector Accounting and Reporting Compliance with Standard, the Nigerian Accountant, Vol.41.No.2. Pp.16-20
- 12) Oecon, N. M. (2010). Public Sector Accounting: Democratic control of public money by using administrative cameralistics. Retrieved from http://www.google.com.gh/#gs_rn=17&gs_ri=psyab&pq=what%20is%20government%20sector%20accounting&cp=41&gs_id=8p&xhr=t&q=Government%20Sector%20Accounting%20articles%20pdf&es_nrs=true&pf=p&scient=psyab&oq=Government+Sector+Accounting+articles+pdf&gs_l=&pbx=1&bav=on.2,or.r_qf.&bvm=bv.48705608,d.ZWU&fp=c8e1af7852074c0&biw=1241&bih=567
- 13) Okoye, E.I and Oghoghomeh, T. (2011) "Cash Accounting System in the Nigerian Public Sector – The case of Delta State Government, *Proceedings of the International Conference on Social Sciences and Humanities*; Universite Nationale Du Benin, Abanney-Calavi; 2(6); 153-158
- 14) Omolehinwa, E. O., & Naiyeju, J. K. (2012). An Overview of Accounting in the Nigerian Public Sector. *International Journal of Governmental Financial Management*, 12(1); 10-20.
- 15) Omolehinwa, E. O., & Naiyeju, J. K. (2011). *Theory and Practice of Government Accounting in Nigeria*. Nigeria: Pumark Nigeria Ltd.
- 16) Saleh, Z. (2007) "Malaysian Governmental Accounting – National context and user Orientation"; *International Review of Business Research Paper*; 3(2); 386-394
- 17) Shehu, B. (2010). Importance of Annual Cash Plan in Budget Execution and Achievement of Targets. Paper presented at a National Workshop on Understanding the Requirements of Fiscal Responsibility Act, 2007 Kaduna 18th-21st October.
- 18) Wynne, A., Emasu, S. & Nyangulu, M. (2011). *Government Financial Reporting-What is Africa's Best Practice?* Working Paper, The African Capacity Building Foundation.
- 19) Wysocki, K., *Kameralistisches Rechnungswesen* (Stuttgart: C. E. Poeschel Verlag, 1965).
- 20) Zakiah, S (2007) "Cash-Based Accounting System and Government Financial Reporting"; *A Ph.D Seminar paper presented to the Faculty of Business and Accountancy*; University of Malaya, Kuala Lumpur